WHAT WILL TODAY’S WEBINAR DISCUSS?

- Printing an Estimate
- Pension Options
- Life Insurance
- Health Benefits
- Checklist to Retirement
- Questions?
NJ DIVISION OF PENSIONS & BENEFITS
WEB ADDRESS

http://www.state.nj.us/treasury/pensions/
Welcome to the N.J. Division of Pensions & Benefits

Our mission is to provide quality benefits and services to meet the needs of our clients. Learn More

NJEA 4 05/14/2020
Pension Information - Active Employees

Please select your fund to see applicable information.

Public Employees' Retirement System
The Public Employees' Retirement System (PERS) is open to state, county, municipal, authority, and school board employees who are precluded from any other N.J. State retirement system.

Teachers' Pension and Annuity Fund
The Teachers' Pension and Annuity Fund (TPAF) is open to employees of boards of education and the State who must be certified or credentialed as a condition of employment.

Police and Firemen's Retirement System
The Police and Firemen’s Retirement System (PFRS) requires membership of all police officers and firefighters appointed after June, 1944, in municipalities where local police and fire pension funds existed, or where the PFRS was adopted by referendum or resolution. Certain State and County law enforcement job titles are also covered.
Teachers' Pension and Annuity Fund

Please select the applicable accordion to see information for TPAF.

- Enrollments & Transfers
- Purchase
- Withdrawal
- Group Life Insurance
- Pension Loans
- Retirement

When considering retirement, there are steps that need to be considered before you apply. Find out what you need to know using our Online Retirement Guide.

Additional information on retirement can be found on our Publications page.
Online Guide to Retirement

Retirement is a big step in life. This guide will help you get information and make informed decisions about your retirement. Please select the topic below to get more information.

- Eligibility For Retirement
- Disability Retirement
- Survivor Benefits
- Getting a Retirement Estimate

Retirement estimates show how much your retirement benefit will be. The estimate can also include the amount for a survivor benefit after your death, your group life insurance benefit after retirement, and other important information about your retirement benefits.

Members within two years of retiring can hear a retirement estimate over the phone by calling the NJDPB's Automated Information System at (609) 292-7524. Or you can get a retirement estimate online using the Member Benefits Online System (MBOS). Both types of estimates use the service and salary information currently posted to your account. (These options are not available to SPRS or JRS members.)

Members who are more than two years from retiring can use the long-range retirement estimate calculators:

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NJEA Teachers' Pension and Annuity Fund Calculator
Retirement Estimate Calculators — PERS

For Members of the Public Employees' Retirement System (PERS)

PERS Membership Tiers

Select the PERS Membership Tier that matches your enrollment date to retrieve your calculator.

- **PERS Membership Tier 1** — Enrolled before July 1, 2007.
- **PERS Membership Tier 2** — Eligible for enrollment on or after July 1, 2007 and before November 2, 2008.
- **PERS Membership Tier 3** — Eligible for enrollment on or after November 2, 2008 and on or before May 21, 2010.
- **PERS Membership Tier 4** — Eligible for enrollment after May 21, 2010 and before June 28, 2011.
- **PERS Membership Tier 5** — Eligible for enrollment on or after June 28, 2011.

Go to Calculator

Disclaimer

- Calculators estimate the Maximum Option for retirement available to members of the Public Employees' Retirement System (PERS).
- If you indicate the birthdate of a beneficiary, the calculator will also estimate survivor options for that beneficiary.
- **Do not apply for retirement benefits based on this estimate.** The calculator is provided as a convenience to our members and is intended only for use in long-range retirement planning.
- The calculation is based solely on the information you provide and does not access any of the salary or service information maintained by the Division of Pensions & Benefits.
- If you are within two years of retirement, obtain an 'official' estimate of retirement benefits online using the Member Benefits Online System (MBOS) or by calling the Automated Information System at 609-292-7524.
For Members of the Public Employees’ Retirement System (PERS)

Step 1

- **Service Retirement**

  - **Service Retirement**  
    - Available to any active PERS Tier 1 member age 60 or older. No minimum years of service are required. The annual retirement allowance is based on the following formula:  
      \[ \text{Years} \times \frac{\text{Final Average Salary}}{\text{Service Salary}} = 55 \]  
    - *Final Average Salary means the average salary for the three years immediately preceding your retirement. If your last three years are not your highest years of salary, use your three highest fiscal years (July - June) of salary.

Step 2

- **First Name:** Jane  
  - **Last Name:** Doe

- **Date of Birth:**  
  - **Month:** Nov  
  - **Day:** 8  
  - **Year:** 1959

- **Retirement Date:**  
  - **Month:** Jul  
  - **Year:** 2020

- **Service Credit at Retirement:**  
  - **Years:** 30

- **Salary at Retirement:**  
  - **Amount:** $60,000

Use the average salary in the last 3 years (or highest 3 fiscal years) before retirement. DO NOT include overtime, bonuses, etc.

- For Veteran Retirement after 20 years use the highest 12 months of salary.
- For Accidental Disability use annual salary as of the date of the accident.

**Choose Method of Calculation:**

- Select **Calculate Maximum and Option 1 Amount Only** — Proceed to “Calculate” button.
- Select **Calculate All Payment Options for a Beneficiary** — If selected, enter beneficiary's date of birth below.

- **Beneficiary's Date of Birth:**  
  - **Month:** Nov  
  - **Day:** 18  
  - **Year:** 1959

- **Is the beneficiary your spouse?**  
  - Yes  
  - No

**Disclaimer**

- This calculator estimates the retirement benefit available to members of the Police and Firemen's Retirement System (PFRS).
This estimate is prepared from salary and service information provided by Jane Doe.

The retirement date indicated is July 1, 2020 with 30 years and 0 months of service and a salary of $60,000.00.

*Pension Estimate*

Retirement Type: Service Retirement

Based on the information you provided, your Maximum Option is estimated at $32,727.27 per year, or $2,727.27 per month. Under the Maximum Option you continue to receive your monthly retirement benefit for your lifetime.

Available Survivor Options include:

**Option A - 100% to survivor** - Retiree amount $2,318.18 per month. Survivor amount $2,318.18 per month.

Upon your death, your beneficiary will receive, for life, the same monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the *Maximum Option* outlined above.

**Option B - 75% to survivor** - Retiree amount $2,427.27 per month. Survivor amount $1,820.45 per month.

Upon your death, your beneficiary will receive, for life, the 75% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the *Maximum Option* outlined above.

**Option C - 50% to survivor** - Retiree amount $2,550.00 per month. Survivor amount $1,275.00 per month.

Upon your death, your beneficiary will receive, for life, 50% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the *Maximum Option* outlined above.

**Option D - 25% to survivor** - Retiree amount $2,637.27 per month. Survivor amount $659.32 per month.

Upon your death, your beneficiary will receive, for life, 25% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the *Maximum Option* outlined above.

**Option 1 - Retiree amount $2,626.36 per month**

Under Option 1 your monthly amount is reduced and a reserve fund is established. The reserve is reduced each month by the amount of your monthly retirement benefit. Upon your death, the balance of the reserve, if any, is paid to your beneficiary. If you deplete your retirement reserve, you will continue to receive your monthly retirement benefit for your lifetime. However, upon your death, no retirement benefit is payable to your beneficiary.

**Option 1 Reserve - $307,636.36**

**Option 2 - 100% to survivor** - Retiree amount $2,345.45 per month. Survivor amount $2,345.45 per month.

Upon your death, your beneficiary will receive, for life, the same monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, you will continue to receive the reduced retirement allowance you had been receiving under this option.

**Option 3 - 50% to survivor** - Retiree amount $2,563.64 per month. Survivor amount $1,281.82 per month.

Upon your death, your beneficiary will receive, for life, 50% of the benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, you will continue to receive the reduced retirement allowance you had been receiving under this option.

**Option 4 -** This calculator cannot calculate an amount for Option 4.

Under Option 4 you set the monthly amount that your beneficiary (or beneficiaries) receives after your death. If you are within two years of retirement, see our *Pension Options Fact Sheet*, or contact the Division of Pensions & Benefits to obtain more information about Option 4.
WHAT WILL TODAY’S WEBINAR DISCUSS?

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- Pension Options
- Life Insurance
- Health Benefits
- Checklist to Retirement
- Questions?
This estimate is prepared from salary and service information provided by Jane Doe.

The retirement date indicated is July 1, 2020 with 30 years and 0 months of service and a salary of $60,000.00.

**Pension Estimate**

Retirement Type: Service Retirement

Based on the information you provided, your Maximum Option is estimated at $32,727.27 per year, or $2,727.27 per month. Under the Maximum Option you continue to receive your monthly retirement benefit for your lifetime.

Available Survivor Options include:

Option A - 100% to survivor - Retiree amount $2,318.18 per month. Survivor amount $2,318.18 per month.
Upon your death, your beneficiary will receive, for life, the same monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the **Maximum Option** outlined above.

Option B - 75% to survivor - Retiree amount $2,427.27 per month. Survivor amount $1,820.45 per month.
Upon your death, your beneficiary will receive, for life, the 75% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the **Maximum Option** outlined above.

Option C - 50% to survivor - Retiree amount $2,550.00 per month. Survivor amount $1,275.00 per month.
Upon your death, your beneficiary will receive, for life, 50% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the **Maximum Option** outlined above.

Option D - 25% to survivor - Retiree amount $2,637.27 per month. Survivor amount $659.32 per month.
Upon your death, your beneficiary will receive, for life, 25% of the monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, your benefit will increase to the **Maximum Option** outlined above.
Option 1 - Retiree amount $2,626.36 per month  

Under Option 1 your monthly amount is reduced and a reserve fund is established. The reserve is reduced each month by the amount of your monthly retirement benefit. Upon your death, the balance of the reserve, if any, is paid to your beneficiary. If you deplete your retirement reserve, you will continue to receive your monthly retirement benefit for your lifetime. However, upon your death, no retirement benefit is payable to your beneficiary.

Option 2 - 100% to survivor - Retiree amount $2,345.45 per month. Survivor amount $2,345.45 per month.

Upon your death, your beneficiary will receive, for life, the same monthly benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 3 - 50% to survivor - Retiree amount $2,563.64 per month. Survivor amount $1,281.82 per month.

Upon your death, your beneficiary will receive, for life, 50% of the benefit that you were receiving at the time of your death. If, after retirement, your beneficiary dies before you do, you will continue to receive the reduced retirement allowance you had been receiving under this option.

Option 4 - This calculator cannot calculate an amount for Option 4.

Under Option 4 you set the monthly amount that your beneficiary (or beneficiaries) receives after your death. If you are within two years of retirement, see our Pension Options Fact Sheet, or contact the Division of Pensions & Benefits to obtain more information about Option 4.
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Life Insurance Estimate

Upon retirement you are eligible for Group Life Insurance coverage from the Public Employees' Retirement System of $11,250.00 at no cost — provided that you retire with at least 10 years of pension service credit.

You are also eligible to convert your remaining Group Life Insurance in the amount of $168,750.00 for a cost of $594.00 per month.

For more information about conversion, see the Conversion of Group Life Insurance Fact Sheet. To begin the conversion process, contact the Prudential Insurance Company at 1-855-364-7783 or see your local Prudential agent. You will need the Public Employees' Retirement System Group Life Insurance policy numbers which are G-14800 for the Noncontributory Group Life Insurance and G-13900 for the Contributory Group Life Insurance.

This estimate of insurance coverage assumes that both Noncontributory and Contributory Group Life Insurance are in effect at retirement. If you have waived or voluntarily terminated all or any portion of your Contributory insurance, contact the Prudential Insurance Company for a revised estimate. This estimate may vary from the actual conversion amount as quoted by the Prudential Insurance Company due to differences in the salary or age information provided or the rounding of conversion factors used in this calculation. This is only an estimate and is not an application for conversion nor is it a guarantee of eligibility for conversion of Group Life Insurance from the Division of Pensions & Benefits or the Prudential Insurance Company.

This is not an official estimate! If you are within two years of retirement you can get an online Retirement Estimate using your current, posted salary and service information through the Member Benefits Online System (MBOS). Registered users can also apply for retirement online through MBOS. Click here to "Logon to MBOS" or find out how to become an MBOS Registered User.

Retirement Estimates are also available over the phone to members within two years of retirement by calling the Division’s Automated Information System at (609) 292-7524.

Return to the Retirement Calculator
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HEALTH BENEFITS IN RETIREMENT

25 OR MORE YEARS OF ELIGIBLE SERVICE

⚠️ State-paid health benefits through the School Employees’ Health Benefits Program (SEHBP) are available to eligible retirees with 25 or more years of service credit and must be eligible for health benefits from their district at the time of retirement. *(Out-of-State/Government service credit purchased after November 1, 2008, does not count toward credit for health benefits.)*

⚠️ State-paid health benefits coverage includes eligible dependents of the retiree. Dependent survivors will be offered continued coverage if they agree to pay applicable premiums.

⚠️ All SEHBP health care plans include prescription drug coverage, but dental coverage must be purchased.
HEALTH BENEFITS IN RETIREMENT

25 OR MORE YEARS OF ELIGIBLE SERVICE

⚠️ Per legislative changes, Chapter 78, P.L. 2011, effective June 28, 2011, there will be NO premium sharing for members with 20 or more years of service as of effective date. **For members with fewer than 20 years of service as of effective date, mandatory premium sharing based on pension amounts.** Members must still obtain at least 25 years of creditable service and be eligible for retirement to qualify for post-retirement medical benefits.

*There is currently a bill in the legislature that would make changes to post-retirement medical benefits.*
HEALTH BENEFITS IN RETIREMENT

LESS THAN 25 YEARS OF SERVICE

SEHBP Districts:

▪ Retirees receive an offering letter from the Division of Pensions and Benefits

Private (non-SEHBP) Districts:

▪ Under P.L. 1987, Chapter 386, retirees may stay in the local district plan as long as premiums are paid according to local district requirements. *(Contact employer’s business office.)*

▪ Under P.L. 1993, Chapter 8, if the retiree is participating in the district’s plan and becomes eligible for Medicare Part B, the retiree has a one-time opportunity to switch to the SEHBP.
HEALTH BENEFITS COVERAGE

DEFERRED RETIREMENT

⚠️ Those selecting Deferred Retirement with fewer than 25 years of service credit may continue their employer’s group coverage under COBRA for eighteen months or until age 65, whichever comes first.
HEALTH BENEFITS COVERAGE MEDICARE

⚠️ Upon reaching age 65 or the 24th month of Social Security Disability, retiree and eligible dependent(s) must enroll in Medicare Parts A & B. **Do not enroll in a Part D.**

⚠️ If you or your spouse/partner will be age 65 on retirement, visit your local Social Security office three months prior to your retirement date and sign up for Medicare Part B.

- SEHBP to become effective one month after your retirement date
- PRIVATE (non-SEHBP) to become effective the day of your retirement

⚠️ Send proof of enrollment in both Part A and Part B of Medicare to state.
HEALTH BENEFITS COVERAGE MEDICARE

⚠️ If you are eligible for State-paid benefits, you will receive reimbursement of the standard Medicare Part B premium on a monthly basis for you and your spouse/partner in your monthly pension payments.

⚠️ If you are eligible for State-paid benefits and are making extra payments above the standard Medicare Part B and Part D premiums, you must apply for reimbursement of these extra payments at the end of the calendar year.

▪️ Note: This applies even if you are paying towards your health benefits in retirement.
The SEHBP offers a Dental Expense Plan (DEP) and Dental Plan Organizations (DPO) to retirees who are eligible to enroll in the SEHBP. All retirees who enroll in the Retiree Dental Expense Plan (DEP) or a Dental Plan Organization (DPO) will be responsible for paying the full cost of their coverage.
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APPLICATION INSTRUCTIONS

⚠️ All retirement applications must be submitted online through Member Benefits Online System (MBOS).

⚠️ Your retirement application will not be processed until the Division of Pensions and Benefits receives required copies of birth date evidence.

- Upload through your MBOS account!
  
  New Jersey Division of Pensions and Benefits
  P.O. Box 295
  Trenton NJ  08625-0295
  Fax:  609-292-6656

⚠️ You must submit a written letter of retirement to your board according to the terms of your contract.
**Pension Payments:** All pension payments reflect retirement allowances for the previous month.

**Direct Deposit of Pension Payments:** Direct deposit of pension payments is mandatory for all new retirees.

**Cost-of-Living Adjustment (COLA):** P.L. 2011, Chapter 78 suspended all future COLA.

**Employment after Retirement:** The Division’s *Fact Sheet #86, Post-Retirement Employment Restrictions* provides the rules around seeking and obtaining work after retirement. (Disability retirees should refer to Fact Sheet #15)
**Social Security:** Social Security benefits are paid in addition to pension benefits.

**Pension Loans:** If you have an outstanding pension loan, the Division of Pensions and Benefits will send you an estimate of your loan balance once your retirement has been approved. You may elect to pay the loan balance in full or have loan payments deducted from your monthly retirement allowance.

**Purchase of Service Credit:** If your purchase of service credit is not completed before retirement, you may pay the remaining balance to receive full credit or receive prorated credit for the amount of service which has been paid.
## GENERAL INFORMATION

**Multiple Memberships:** If you have been a member of both TPAF and PERS at the same time, you may be eligible for pension benefits from both funds.

**Conversion of Group Life Insurance:** You may convert some or all of the difference between your active group life insurance amount and your retired group life insurance amount. (Prudential Insurance Company at 1-855-364-7783)

**NJREA:** You may continue Association membership by joining NJREA. Membership will include NJREA, NJEA, NEA-R, NEA and the county from which you retire or will reside.
Your pension is immediately subject to federal income taxes. Pre-January 1, 1987, contributions and any purchase dollars will not be taxed again. These nontaxable monies will be amortized over your expected lifetime and a small portion of your pension payment will be tax free.

The Division of Pensions and Benefits will send each retiree a withholding tax form Federal W-4P near the date of retirement which must be completed and returned. If you do not complete a Federal W-4P, the Division is required by federal law to automatically withhold federal income tax from your pension payment based on a status of married with three allowances.
If you live in New Jersey, the Division of Pensions will send you a withholding form *NJ- W-4P* near the date of retirement. However, you will not be subject to NJ income tax until you recover the contributions you made to the pension system while working provided you recover your total contributions within three years of retirement. Unlike federal income tax, withholding for NJ income tax is completely voluntary.

The New Jersey pensions of retirees who live outside New Jersey are not subject to New Jersey income taxes. Retirees are subject to the income taxes of the state in which they reside.
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If you have a questions, please type them in the chat box.

Call us with any questions: 609-599-4561 prompt 1 for pensions and benefits

Phones are answered Monday-Friday between 9 and 5:30